

Pa.'s Biodiesel Industry Already In Trouble

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HARRISBURG, Pa. -- Pennsylvania's biodiesel industry is just a year old, but half the plants have closed and more could shut down by the end of the month.

Plant owners are asking state lawmakers for more money to help them compete with companies in the Midwest. Iowa gives plants \$1.50 for each gallon of biofuel produced. Pennsylvania pays 5 cents a gallon.

As a result, Iowa biodiesel producers can sell fuel much cheaper, leaving competitors in Pennsylvania faced with laying off workers.

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Two bills in the state Capitol would bring Pennsylvania's contribution in line with Midwestern states, but some members are resistant to the state subsidizing private industry.

What Is Biodiesel?

While it's being made, biodiesel fuel looks and smells like something that could be eaten. That's because most biodiesel fuel is made from something edible -- soybean oil.

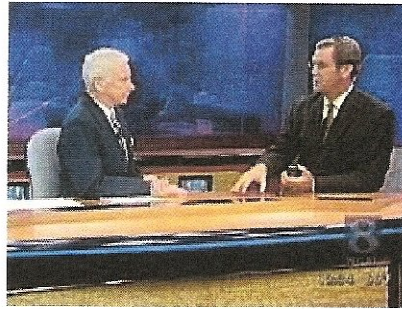
It starts with a syrup-like substance, is run through a maze of processing tanks and tubes for a few days and ends up as biodiesel.

Keystone Biofuels operates out of an old cereal factory in Cumberland County. It buys most of its soybean oil from Pennsylvania farmers to make the fuel. Racc Miner, of Keystone Biofuels, said it is the definition of a renewable fuel.

"You harvest the beans one year. You crush them. Make the oil. Make the fuel. You sell that fuel back to the farmer who takes the fuel to run his equipment and tractor to make next year's harvest," Miner said.

The use of biodiesel has already increased more than 50 times in the last five years, even though it costs more than diesel. It's easier and cheaper to produce than ethanol, according to those in the industry.

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